

Standing Appropriations Bill Senate File 533

Last Action:
**Senate Appropriations
Committee**
May 2, 2011

Executive Summary Only

An Act relating to state and local finances by providing for funding of property tax credits and reimbursements, by making and adjusting appropriations, providing for salaries and compensation of state employees, providing for matters relating to tax credits, providing for fees and penalties, providing for legal responsibilities, and providing for properly related matters, and including effective date and retroactive and other applicability provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www.legis.iowa.gov/LSAReports/noba.aspx>
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FUNDING SUMMARY

- The overall impact of the Bill is a net decrease of \$27.2 million to FY 2012 General Fund appropriations. The Bill also provides General Fund supplemental appropriations totaling \$3.1 million for FY 2011.

NEW PROGRAMS, SERVICES, OR ACTIVITIES

- Makes a \$100,000 FY 2012 General Fund appropriation to the Department of Public Health (DPH) for a vision screening program grant. Page 15, Line 3
- Makes a \$3.0 million FY 2011 General Fund supplemental appropriation to the Department of Cultural Affairs to be credited to the BB-61 Fund. The funds are to be used to provide a grant of \$3.0 million to the nonprofit group that is awarded possession, or conditional possession, of the Battleship Iowa, in addition to any moneys available in the BB-61 Fund. The appropriation is to remain available for expenditure through FY 2012. Page 16, Line 6
- Makes a \$100,000 FY 2011 General Fund appropriation to the Iowa Finance Authority for the Hills and Dales Child Development Center in Dubuque for the remodeling costs of a four-bed group home. Page 16, Line 27

MAJOR INCREASES, DECREASES, OR TRANSFERS OF EXISTING PROGRAMS

- Limits the following FY 2012 General Fund standing appropriations to specified amounts: Page 2, Line 1
 - \$30.7 million to the Executive Council for Performance of Duty expenditures.
 - \$417,000 to the Department of Cultural Affairs for Community Cultural Grants.
 - \$810,000 to the Department of Economic Development for regional tourism marketing. This is a decrease of \$52,000 compared to FY 2011 and a decrease of \$294,000 compared to the FY 2012 estimated standing appropriation.
 - \$171,000 to the Department of Public Health for the Center for Congenital and Inherited Disorders Central Registry.
 - \$218,000 to the Department of Human Services for child abuse prevention programs.
 - \$11.5 million to the Department of Education for programs for at-risk children, including Shared Visions and other programs under the purview of the Child Development Coordinating Council. This is a reduction of \$1.1 million compared to the statutory standing appropriation and no change compared to estimated FY 2011.
 - \$7.1 million to the Department of Education for nonpublic school transportation. Requires the appropriation to be prorated if the claims exceed the appropriation.
 - \$86.2 million for Homestead Property Tax Credits. The projected demand is approximately \$135.0

million.

- \$32.4 million for Family Farm and Agricultural Land Tax Credits. The annual standing appropriation is \$39.1 million.
- \$18,000 to the Department of Revenue for financial obligation enforcement of tobacco product manufacturers.

- Eliminates the State funding for the Instructional Support Program for FY 2012. This is no change compared to the estimated General Fund appropriation amount for FY 2011 and a reduction of \$7.5 million for the State portion of the Program funding. The Program received an appropriation of \$7.5 million from the School Infrastructure Fund in FY 2011. Despite the elimination of the State funding for the Program, school districts will maintain local funding for the Program in FY 2012. Page 3, Line 11

- Makes a new General Fund standing appropriation of \$100,000 to the Department of Education for expenses of educating American Indian children residing in the Sac and Fox Indian settlement. Page 3, Line 17

- Reduces State school aid to the Area Education Agencies (AEAs) by an additional \$10.0 million for FY 2012. This is in addition to the current statutory reduction of \$7.5 million implemented annually. Page 3, Line 35

- FISCAL IMPACT: The reduction will be implemented through the school aid formula and will reduce FY 2012 school aid to AEAs by \$10.0 million.

- Makes a \$97,000 FY 2012 General Fund appropriation to the Department of Agriculture and Land Stewardship for the Farmers with Disabilities Program. The money will be granted to the Easter Seals Rural Solutions Program to provide assistance to disabled farmers to make modifications to their equipment and homes so they can continue farming. Page 15, Line 16

- Makes a \$481,000 FY 2012 General Fund appropriation to the Department of Administrative Services to continue the new Medication Therapy Management Program for State employees. Page 31, Line 25

- Establishes a 2.0% allowable growth rate for regular school aid and the State categorical supplements for FY 2012. This includes a fiscal impact of increasing each of the state cost per pupil amounts by 2.0% for FY 2012. This will result in a State General Fund expenditure increase of \$280.4 million compared to the estimated FY 2011 General Fund School Aid amount. The increases are as follows: Page 32, Line 18
 - The 2.0% allowable growth rate for regular school aid and the State categorical supplements is an increase of \$64.5 million compared to a 0.0% allowable growth rate.
 - State aid for the regular program portion the school aid formula is estimated to increase \$43.1 million.
 - State aid for the State categorical supplements is estimated to increase by \$5.0 million.

- State aid for the preschool formula funding is estimated to increase by \$23.0 million due to an increased number of districts entering the funding formula in FY 2012.
- An increase of \$156.1 million due to the backfill of the \$156.1 million State aid shortfall that resulted from an appropriation cap in FY 2011.
- An increase of \$47.9 to replace one-time funding (ARRA) used in lieu of General Fund dollars in FY 2011.
- An increase of \$5.1 million to replace one-time funding (UST Fund) used in lieu of General Fund dollars in FY 2011.

Additionally, FY 2012 school aid property taxes are estimated to increase \$51.1 million and FY 2012 school district combined district cost is estimated to increase \$80.7 million compared to the FY 2011 amounts.

STUDIES AND INTENT LANGUAGE

- For the FY 2013 budget year, State agencies are required to submit estimates and other expenditure information as requested by the Department of Management. Current law specifies that this information must be submitted on or before October 1. Page 1, Line 17
- The identified need for FY 2012 salary and benefit increases for State employees is \$94.3 million from the General Fund and \$91.5 million from non-General Fund sources. Page 4, Line 13
 - Requires the Governor to determine the salary of most appointed nonelected persons in the Executive Branch within the FY 2009 salary range.
 - Requires State agencies to fully fund collective bargaining agreements from available resources.
 - Pay plans for noncontract employees, excluding the Board of Regents, will not be increased for FY 2012.
 - Requires the Board of Regents to use existing funds for salary adjustment increases for FY 2012.
 - Prohibits bonus pay in FY 2012 for all Executive Branch, Judicial Branch, and Legislative Branch employees, unless permitted by law or required by a collective bargaining agreement.
- Specifies that federal funds available for salaries are appropriated for that purpose. Page 8, Line 11
- Requires Department of Public Safety sworn peace officers not covered by a collective bargaining agreement to receive the same per diem meal allowance as those officers covered by a negotiated bargaining agreement in FY 2012. Page 8, Line 17
- Requires the salary model administrator to work with the LSA to maintain the State's salary model. Requires various departments to submit salary data to the Department of Management. Page 8, Line 25

- Authorizes the Investigations Division of the Department of Inspections and Appeals to add no more than 2.0 FTE positions to the extent funded by the Department of Human Services for provisions specified in SF 313 (IowaCare Revisions Bill). Page 17, Line 9
- Requires the Department of Management to recalculate teacher salary supplement and professional development supplement per pupil amounts for area education agencies (AEAs) and school districts that are ending teacher contractual agreements for instruction provided by AEAs to school districts for a special education instructional program where the teachers were employed by the AEAs on behalf of the school districts. This adjustment will be made for AEA 267 and school districts within that AEA. The adjustment will occur in FY 2013, is revenue neutral, and will have no fiscal impact. Page 17, Line 26
- Requires Prevent Child Abuse Iowa to convene a task force to provide recommendations to the Governor and the General Assembly by January 16, 2012 for the prevention of sexual abuse of children. Page 18, Line 25
- Provides that a railroad company that alters its facilities pursuant to a written agreement with Iowa City to construct a flood mitigation project will receive certain limitations on liability. Page 21, Line 22
- Specifies that the limitations on expenditures for office supplies implemented in HF 45 (Appropriation Adjustments Act) do not apply to departments receiving a supplemental appropriation for FY 2011. Page 21, Line 32
- Specifies that election activity software developed by a county is the property of the county unless the county sells the rights to that software. Prohibits the Secretary of State from purchasing computer software developed by a political subdivision for election activities. Page 22, Line 7
- Requires the Department of Administrative Services to consult with and explore technology services to the Judicial and Legislative Branches of government. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 27, Line 7
- Requires State agencies to utilize electronic means for renewal notices for licenses and permits. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 27, Line 14
- Requires State agencies to budget and plan to conduct LEAN events and to share resources for staff and training. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 27, Line 21
- Requires Joint Appropriation Subcommittees of the General Assembly to examine and review fees charged by State agencies. This provision continues the requirement included in SF 2088 (Government Page 27, Line 31

Reorganization and Efficiency Act).

- Requires the Department of Administrative Services to streamline the hiring process for State agencies. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 28, Line 1
- Limits the number of tobacco retail compliance checks that the ABD can perform in FY 2012 to one check per retail outlet and one follow-up check for those that are not compliant during the first check. Page 28, Line 10
- Requires the Department of Administrative Services to examine the possibility of merging payroll systems. Requires a report to the Administration and Regulation Appropriations Subcommittee. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 28, Line 22
- Requires the Department of Administrative Services to reduce the payroll frequency to semimonthly. This provision continues the requirement included in SF 2088 (Government Reorganization and Efficiency Act). Page 29, Line 3

SIGNIFICANT CODE CHANGES

- Requires the FY 2013 mental health allowed growth funding to be established 30 days after the convening of the 2012 General Assembly, instead of by the 2011 General Assembly. Page 1, Line 3
- Makes a variety of technical corrections to statute. Page 9, Line 14
- Permits grantees receiving funds from the Child Development appropriation to the Department of Education to direct the use of funds to any qualifying child ranging in age from three to five years old, regardless of the age range to be served in the grantee's initial application. Encourages grantees to consider the degree to which a program complements existing programs and services in the area. Page 22, Line 32
- Specifies that the State Historic Preservation Officer may only recommend that a municipal utility conduct an archeological site survey of a proposed route for the construction of electric distribution and transmission facilities when the Officer has determined that a historic property is likely to exist within the proposed route. Page 23, Line 27
- Makes a correction to the criminal penalty provision relating to the minimum fine for a second offense of operating a vehicle while under the influence. In the 2010 Acts, SF 431 restructured the provisions under Code Section 321J.2, but the changes were not meant to be substantive. Senate File 431 inadvertently lowered the minimum fine amount by \$25.00 and became effective December 1, 2010. The corrective change reflects the previous minimum fine amount for that offense in effect through November 30, 2010. Page 24, Line 6

- Adds a member from the Agribusiness Association of Iowa to the Watershed Planning Advisory Council. Page 24, Line 12
- Removes highways, roads, bridges, tunnels, transportation facilities, and airports from the definition of construction contract as specified in SF 396 (Construction Indemnity Agreements Act). Page 24, Line 16
- Extends the requirement that a notice of the availability of mortgage foreclosure counseling and mediation services be provided to individuals facing foreclosure proceedings to July 1, 2012. Page 24, Line 35
- Codifies a provision relating to contract services and training. This provision was included in SF 2088 (Government Reorganization and Efficiency Act). Page 25, Line 34
- Codifies a provision relating to State government purchasing efforts by the Department of Administrative Services (DAS). This provision was included in SF 2088 (Government Reorganization and Efficiency Act). Page 26, Line 16
- Codifies the existing Medication Therapy Management pilot program for certain State employees conducted by the Department of Administrative Services. Requires the University of Iowa to validate reported drug cost savings. Page 29, Line 11
- Increases Iowa's Earned Income Tax Credit from 7.0% to 10.0% of the federal credit. Page 32, Line 6

FISCAL IMPACT: This change is projected to decrease net General Fund revenue by the following amounts:

- FY 2011 = \$ 0.1 million
- FY 2012 = \$14.7 million
- FY 2013 = \$13.7 million
- FY 2014 = \$11.5 million
- FY 2015 = \$11.6 million

EFFECTIVE AND ENACTMENT DATES

- Changes the effective dates for specified sections in SF 205 (Department of Transportation Motor Vehicle Changes Act - enacted April 12, 2011), by making them effective when the FY 2012 Standing Appropriations Bill is enacted rather than on July 1, 2011. The affected provisions require the Department of Transportation to waive the certificate of title fee and surcharge when ownership of a vehicle is transferred to a surviving spouse. The provisions make conforming changes to include a surviving spouse within the definition of "owner." Page 22, Line 15

- The following Sections are effective on enactment: Page 25, Line 3
 - The Section permitting the State Historic Preservation officer to recommend an archeological site survey for municipal utilities.
 - The Section that delays the repeal date for mediation in certain mortgage foreclosure situations.
 - The Section appropriating funds in FY 2011 for the USS Iowa Battleship.
 - The Section creating a Prevention of Sexual Abuse of Children Task Force.
 - The Section changing the effective dates of certain Sections in enacted SF 205 relating to motor vehicles.
 - The Section appropriating funds in FY 2011 for remodeling costs of a group home in Dubuque.
 - The Section relating to a school district participating on a contractual basis in a special education program operated by an area education agency.
- The Section prohibiting the reduction of appropriations for various office expenditures for certain departments takes effect on enactment and is retroactive to March 7, 2011. Page 25, Line 25
- The changes regarding the Medication Therapy Management Program are effective on enactment. Page 32, Line 1
- The Division increasing the Earned Income Tax Credit is retroactive to January 1, 2011, for tax years beginning on or after that date. Page 32, Line 13
- The 2.0% allowable growth rate increase is effective for the school budget year beginning July 1, 2011 (FY 2012). Page 33, Line 13

Summary Data

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
Administration and Regulation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 481,000	\$ 481,000	\$ 481,000
Agriculture and Natural Resources	0	0	0	0	97,000	97,000	97,000
Economic Development	0	3,100,000	3,100,000	0	0	0	-3,100,000
Health and Human Services	0	0	0	0	100,000	100,000	100,000
Unassigned Standings	<u>2,468,169,954</u>	<u>0</u>	<u>2,468,169,954</u>	<u>2,913,993,232</u>	<u>-27,908,470</u>	<u>2,886,084,762</u>	<u>137,524,796</u>
Grand Total	<u><u>\$ 2,468,169,954</u></u>	<u><u>\$ 3,100,000</u></u>	<u><u>\$ 2,471,269,954</u></u>	<u><u>\$ 2,913,993,232</u></u>	<u><u>\$ -27,230,470</u></u>	<u><u>\$ 2,886,762,762</u></u>	<u><u>\$ 135,102,796</u></u>

NOTE: The appropriations listed on these tables represent only those affected by SSB 1210.

Administration and Regulation

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Administrative Services, Dept. of</u>							
Administrative Services							
Medication Therapy Mgmt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 481,000	\$ 481,000	\$ 481,000
Total Administrative Services, Dept. of	\$ 0	\$ 0	\$ 0	\$ 0	\$ 481,000	\$ 481,000	\$ 481,000
Total Administration and Regulation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 481,000	\$ 481,000	\$ 481,000

Agriculture and Natural Resources

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Agriculture and Land Stewardship</u>							
Agriculture and Land Stewardship							
Farmers with Disabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,000	\$ 97,000	\$ 97,000
Total Agriculture and Land Stewardship	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,000	\$ 97,000	\$ 97,000
Total Agriculture and Natural Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,000	\$ 97,000	\$ 97,000

Economic Development

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Cultural Affairs, Dept. of</u>							
Cultural Affairs, Dept. of							
U.S.S. Iowa Battleship	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 0	\$ 0	\$ 0	\$ -3,000,000
Total Cultural Affairs, Dept. of	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 0	\$ 0	\$ 0	\$ -3,000,000
<u>Iowa Finance Authority</u>							
Iowa Finance Authority							
Hills and Dales	\$ 0	\$ 100,000	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ -100,000
Total Iowa Finance Authority	\$ 0	\$ 100,000	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ -100,000
Total Economic Development	\$ 0	\$ 3,100,000	\$ 3,100,000	\$ 0	\$ 0	\$ 0	\$ -3,100,000

Health and Human Services

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Public Health, Dept. of</u>							
Public Health, Dept. of Vision Screening	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000
Total Public Health, Dept. of	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000
Total Health and Human Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000

Unassigned Standings

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Cultural Affairs, Dept. of</u>							
Cultural Affairs, Dept. of County Endowment Fund	\$ 443,300	\$ 0	\$ 443,300	\$ 520,000	\$ -103,298	\$ 416,702	\$ -26,598
Total Cultural Affairs, Dept. of	\$ 443,300	\$ 0	\$ 443,300	\$ 520,000	\$ -103,298	\$ 416,702	\$ -26,598
<u>Economic Development, Dept. of</u>							
Economic Development, Dept. of Tourism Marketing	\$ 862,028	\$ 0	\$ 862,028	\$ 1,104,000	\$ -293,694	\$ 810,306	\$ -51,722
Total Economic Development, Dept. of	\$ 862,028	\$ 0	\$ 862,028	\$ 1,104,000	\$ -293,694	\$ 810,306	\$ -51,722
<u>Education, Dept. of</u>							
Education, Dept. of							
Child Development	\$ 11,493,891	\$ 0	\$ 11,493,891	\$ 12,606,196	\$ -1,112,305	\$ 11,493,891	\$ 0
Instructional Support	0	0	0	14,800,000	-14,800,000	0	0
State Foundation School Aid	2,446,109,988	0	2,446,109,988	2,662,000,000	64,500,000	2,726,500,000	280,390,012
AEA School Aid Reduction	0	0	0	0	-10,000,000	-10,000,000	-10,000,000
Nonpublic School Trans	7,060,931	0	7,060,931	9,660,931	-2,600,000	7,060,931	0
Sac and Fox Education	0	0	0	0	100,000	100,000	100,000
Total Education, Dept. of	\$ 2,464,664,810	\$ 0	\$ 2,464,664,810	\$ 2,699,067,127	\$ 36,087,695	\$ 2,735,154,822	\$ -9,900,000
<u>Executive Council</u>							
Executive Council							
Performance of Duty	\$ 1,800,000	\$ 0	\$ 1,800,000	\$ 38,712,105	\$ -8,000,000	\$ 30,712,105	\$ 28,912,105
Total Executive Council	\$ 1,800,000	\$ 0	\$ 1,800,000	\$ 38,712,105	\$ -8,000,000	\$ 30,712,105	\$ 28,912,105
<u>Public Health, Dept. of</u>							
Public Health, Dept. of							
Congenital Disorders Registry	\$ 182,044	\$ 0	\$ 182,044	\$ 232,500	\$ -61,379	\$ 171,121	\$ -10,923
Total Public Health, Dept. of	\$ 182,044	\$ 0	\$ 182,044	\$ 232,500	\$ -61,379	\$ 171,121	\$ -10,923

Unassigned Standings

General Fund

	Estimated FY 2011 (1)	Supplemental FY 2011 (2)	Est Net FY 2011 (3)	Current Law FY 2012 (4)	Standings Bill FY 2012 (5)	Total FY 2012 (6)	Total FY 2012 vs FY 2011 (7)
<u>Human Services, Dept. of</u>							
Assistance							
Child Abuse Prevention	\$ 217,772	\$ 0	\$ 217,772	\$ 232,500	\$ -14,728	\$ 217,772	\$ 0
Total Human Services, Dept. of	\$ 217,772	\$ 0	\$ 217,772	\$ 232,500	\$ -14,728	\$ 217,772	\$ 0
<u>Revenue, Dept. of</u>							
Revenue, Dept. of							
Ag Land Tax Credit - GF	\$ 0	\$ 0	\$ 0	\$ 39,100,000	\$ -6,704,869	\$ 32,395,131	\$ 32,395,131
Homestead Tax Credit Aid - GF	0	0	0	135,000,000	-48,811,613	86,188,387	86,188,387
Tobacco Reporting	0	0	0	25,000	-6,584	18,416	18,416
Total Revenue, Dept. of	\$ 0	\$ 0	\$ 0	\$ 174,125,000	\$ -55,523,066	\$ 118,601,934	\$ 118,601,934
Total Unassigned Standings	\$ 2,468,169,954	\$ 0	\$ 2,468,169,954	\$ 2,913,993,232	\$ -27,908,470	\$ 2,886,084,762	\$ 137,524,796